

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JUNE 28, 2006

PRESENT: Chairman Anthony Maiola and Commissioner John Byrne; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Randall Avery, Deputy Chief of Enforcement; Steven Slovenski, Legal Counsel; Peter Engel, Director of Store Operations; Kathleen Hass, Director of Purchasing; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. **Guests:** Al Picconi, Southern Wine & Spirits of N.E., Inc.

EXCUSED: Commissioner Patricia Russell.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Year-to-Date Sales Reports:

For the week ending June 25, 2006, total sales increased by around 6% for the weekly comparison, and also increased for the year by 5.8%. No other figures were available due to fiscal year end processing.

B. Budget/Administrative Reports:

Craig has received the 7-D forms back, with the exception of those from the Enforcement Bureau, which Randy will get to him by tomorrow morning. Craig will then send copies to the Commission.

The Commission has three items on the Governor and Council agenda for July 19th: the NABCA grant extension, the DOJ grant extension, and a donation for equipment for Enforcement's "Gator Car".

Craig attended the Governor's Agency Head meeting last week on behalf of Chairman Maiola, and provided information regarding various topics discussed through e-mail.

Meetings will be scheduled for store employees starting July 11th and on July 18th for headquarters, the warehouse and Enforcement employees regarding the SEA "fair share" requirements.

A new, improved version of the Ethics Law has been passed by the Legislature. Copies with an accompanying letter from the Attorney General's Office were provided to the Commissioners. Craig urged everyone to look at

the power point presentation on the Attorney General's website, as the law has changed quite a bit. Ultimately, all employees will receive required training regarding this. The Commission will need to identify a coordinator or committee to oversee Ethics Law.

The current W-6 Expense Budget Activity Variance Report shows the year to be at 99% expired, with total agency expenditures at around 88%. All budget issues appear to have been resolved at this point, with Workers Compensation being the only category in the negative.

George and Dave Sigourney attended a meeting this morning on the new ERP system. By next July, the old system will be removed and the new one put into place. The most difficult work will be done within the next three months. Further information will be forthcoming on this project.

Two new LBA auditors have now replaced the two who left. Everything appears to moving along smoothly.

2. IT Report

Howard reported that the EPSS system is doing fine, except it bogs down when entering some statistics. Commissioner Byrne suggested setting up a schedule within a two week period to assist brokers in making the transition.

The Disaster Recovery System test is not moving along as smoothly as hoped. However, issues are being resolved.

3. Human Resources Report

Evie reported that harassment training is one-half way completed, with three more sessions to take place.

II. MARKETING & SALES REPORTS

1. Store Operations

There were no store sales figures to report due to the end of the fiscal year.

Stores are now gearing up for Fourth of July holiday business.

The wall has been pushed back and shelving installed in Store #66 Hooksett. Cornice work will be done this afternoon, and two gondolas will be moved next Wednesday.

2. Purchasing Report

Kathy Hass distributed the current warehouse out-of-stock report.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Mancini's Lemon Drop & Chocolate Martinis):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/White Rock Distillers for new test market listings for Mancini's Lemon Drop Martini, 750ML size (assigned new Code #4542) and Mancini's Chocolate Martini, 750ML size (assigned new Code #4544), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Cockspur Rum Punch):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./Hood River Distillers for a new test market listing for Cockspur Rum Punch, 1.75L size (assigned new Code #5532), with limited distribution to Cluster 1, 2 and 3 stores, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Bunnahabhain 18-Yr. Single Malt):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./International Brands for a new test market listing for Bunnahabhain 18-Year Single Malt Scotch, 750ML size (assigned new Code #2272), with limited distribution to 40 stores, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Requests:

a. Patron Silver Tequila, 1.75L:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./Patron Distillers to add a line extension to Patron Silver Tequila in the 1.75L size (assigned new Code #3733), as this brand in both the 375ML and 750ML sizes have exceeded the gross profits required for an added size listing, with limited distribution to Cluster 1 and 2 stores, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Glenfiddich 12-Yr. Old Special Reserve:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./William Grant & Son to add a line extension to Glenfiddich 12-Year Old Special Reserve in the 375ML size (assigned new Code #8078), as this brand in both the 750ML and 1.75L sizes have exceeded the gross profits required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) One Time Buy Request (Jagermeister 200ML):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/Sidney Frank Importing Co. for the Commission to make a one-time purchase of Jagermeister, 200ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) August E-Coupons:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve e-coupons for five (5) spirit items for use in the August 2006 e-coupon campaign, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) August Promotion (Jack Daniels NASCAR Demo):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/ Brown-Forman Corporation to conduct a Jack Daniels NASCAR demonstration at Store #66 Hooksett on Friday, July 14, 2006 from 3:00 to 6:00 p.m., as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) August Sweepstakes:

a. Tarantula Reposado & Azul Citrus Tequilas:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./McCormick Distilling Company to conduct a consumer sweepstakes in conjunction with Tarantula Reposado Tequila and Azul Citrus Tequila, 750ML sizes, during August 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Fleischmann's Preferred Vodka & Gin; Canadian LTD:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Barton Brands Ltd to conduct a consumer sweepstakes in conjunction with Fleischman's Preferred Vodka and Gin and Canadian LTD, 1.75L sizes, during August 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) "Wines of Washington" Recipe Contest:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Southern Wine & Spirits of N.E., Inc./Chateau Ste. Michelle to conduct a "Wines of Washington" recipe contest and gift card sweepstakes, including in-store tastings of four (4) wines at six (6) retail stores on Friday, August 11, 2006 from 3:00 to 6:00 p.m., as recommended by Nicole Brassard, Wine Marketing Specialist and concurred

by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Purchase & Display of Codorniu Brut Cava:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny a request from M.S. Walker, NH/Vinum International for the purchase and display of Code #44269, Codorniu Brut Cava, during August and September 2006, but approve the placement of three absolutes in Cluster 1 and select Cluster 2 stores, and also approve in-store tastings in designated stores on August 17 and September 14, 2006, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

3) Line Extension of Veuve Cliquot Rose NV:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that a request from Southern Wine & Spirits of N.E., Inc. to introduce #43788, Veuve Cliquot Rose NV in selected stores be tabled pending further discussion. The motion was unanimously adopted.

4) Test Market Request for Beauchene Rhone Valley Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Perfecta Wine Company to test market Code #43223, Cote du Rhone Grand RSV, Code #43224, Cote du Rhone and Code #43225, Chateanuf du Pape Grand RSV by placing three absolutes in all Cluster 1 stores and 4 additional stores, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

5) Store Tastings (4 wine codes):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from M.S. Walker, NH to conduct a dry demonstration on Wednesday, July 12, 2006 from 1:30 to 3:00 p.m. at Store #76 Hampton and an in-store tasting from 4:00 to 5:30 p.m. at Store #69 Nashua featuring four Toad Hollow Wines, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

6) Store Tastings (Farnum Hill wines):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Farnum Hill Winery to conduct

in-store tastings of three Farnum Hill ciders at five designated stores during July 2006, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

7) Increase Distribution on Merriam Vineyards Merlot & Cabernet:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from R.P. Imports to increase the distribution of Code #37790, Merriam Merlot and Code #39774, Merriam Cabernet Sauvignon by placing a three absolute in all Cluster 1 stores, and approve store tastings in selected stores on July 7, 14 and 21, 2006 from 4:00 to 6:00 p.m., as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

8) Recommended Allocated Wines for Distribution to Selected Stores (16 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve sixteen (16) allocated wines to be distributed to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Recommended Allocated Wines (Absolutes) for Distribution to Selected Stores (9 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve nine (9) allocated wines (absolutes) to be distributed to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

10) “R” Wines for Allocation to Licensees (8 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve eight (8) restricted wines for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

11) Primary Source Submissions (7 primary source; 21 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of seven (7) wine codes which are

from primary source and twenty-one (21) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS – No report.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed requests for bailment releases/transfers dated June 22 through June 28, 2006. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of July 2006. The motion was unanimously adopted.

3. Late Items/Other: None.

V. EXECUTIVE SESSION

At 1:25 p.m., the Commission adjourned the meeting and went into non-public session to discuss personnel and store location matters.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

/D. Hartford

